

Message Text

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TO AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 201427

E.O. 11652: GDS

TAGS: BGEN US SA

SUBJ: INTEREST OF ARTHUR ANDERSEN ACCOUNTING FIRM IN
BEING ACCREDITED IN SAUDI ARABIA

1. FIRM OF ARTHUR ANDERSEN ACCOUNTING OF NEW YORK HAS BEEN
IN CONTACT WITH DEPARTMENT CONCERNING PROBLEM IT HAS HAD
IN ITS APPLICATION FOR ACCREDITATION IN SAUDI ARABIA.
FIRM OPERATES AS JOINT VENTURE IN LEBANON AND KUWAIT WITH
SABA COMPANY AND IS KNOWN AS ANDERSEN-SABA ACCOUNTING.

2. ANDERSEN-SABA HAS LEARNED THROUGH ITS LEGAL COUNSEL
IN RIYADH, SALAH HUJAYLAN (BROTHER OF FORMER MINISTER
JAMIL HUJAYLAN), THAT SAG IS NOT ACTING ON COMPANY'S
APPLICATION BECAUSE THE PARENT COMPANY HAD QTE
CONTRIBUTED FINANCIAL AID TO ISRAEL UNQTE. IN LOOKING INTO
ITS RECORDS, THE ANDERSEN COMPANY HAS FOUND THAT A TEN
THOUSAND DOLLAR CONTRIBUTION WAS MADE BY ITS CHICAGO
BRANCH TO THE ISRAELI EMERGENCY FUND LAST YEAR, WHICH
FIRM UNDERSTANDS WAS ENTIRELY FOR PHILANTHROPIC PURPOSES.

3. FIRM IS SENDING JAMES R. DEPAUW WHO IS PARTNER IN
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ARTHUR ANDERSON AND MANAGER OF ANDERSEN-SABA TO SAUDI

ARABIA TO EXPLAIN CIRCUMSTANCES. DEPAUW WILL BE STOPPING
AT EMBASSY PROBABLY ON SEPTEMBER 15 TO REVIEW SITUATION
AND SEEK EMBASSY GUIDANCE. COMPANY PLANS TO POINT OUT

THAT CONTRIBUTION WAS MADE IN NAME OF CHARITY JUST AS
IT HAS OR PLANS TO MAKE CONTRIBUTIONS TO ARAB CHARITIES
SUCH AS THE RED CRESCENT. WE HAVE TOLD FIRM THAT TO
BEST OUR KNOWLEDGE, CONTRIBUTIONS TO CHARITABLE
SOCIETY IN ISRAEL NOT BASIS FOR BEING BLACKLISTED,
PARTICULARLY IF CONTRIBUTIONS ALSO MADE TO ARAB
COUNTRIES. KISSINGER

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